

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON BUSINESS AND LABOR

Call to Order: By **CHAIRMAN JOE MCKENNEY**, on March 1, 2001 at 8:00 A.M., in Room 172 Capitol.

ROLL CALL

Members Present:

Rep. Joe McKenney, Chairman (R)
Rep. Rod Bitney, Vice Chairman (R)
Rep. Gary Matthews, Vice Chairman (D)
Rep. Roy Brown (R)
Rep. Nancy Fritz (D)
Rep. Dave Gallik (D)
Rep. Dennis Himmelberger (R)
Rep. Carol C. Juneau (D)
Rep. Jim Keane (D)
Rep. Rick Laible (R)
Rep. Bob Lawson (R)
Rep. John Musgrove (D)
Rep. William Price (R)
Rep. Allen Rome (R)
Rep. Donald Steinbeisser (R)
Rep. Brett Tramelli (D)
Rep. James Whitaker (R)

Members Excused: Rep. Sylvia Bookout-Reinicke (R)
Rep. Kathleen Galvin-Halcro (D)

Members Absent: None.

Staff Present: Gordon Higgins, Legislative Branch
Jane Nofsinger, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB27, SB122, SB211, 2/21/2001
Executive Action:

HEARING ON SB27

Sponsor: SEN. RIC HOLDEN, SD1, GLENDIVE

Proponents: None

Opponents: Claudia Clifford, Insurance Commissioner's Office
Gregg VanHorssen, State Farm Insurance Company
Christy Schweitzer, Montana Women's Lobby
Sarah Cobbler, Associated Students, Uof M & Western
Jacqueline Lenmark, American Insurance Association
John Metropolous, NAIL, Farmers Insurance
Patti Keebler, MT AFL-CIO
Wendy Young, WEEL
Michele Lee, HD26, Livingston
Scott Creitin, ACLU

Opening Statement by Sponsor:

SEN. RIC HOLDEN, SD1, GLENDIVE, said this bill will allow automobile insurance discounts to married couples. He said married couples are lumped together with teenagers and singles under 25 years of age. He noted there are discounts for good students, smoke detectors, dead bolts, and no smoking. He said that Montana is the only state which does not allow a discount based on marital status. He said these are the people who have the hardest time paying their bills. He said there was concern that it would raise the rate on teenagers if this discount was given. He said he didn't think it would raise one rate to lower the other. He said there are about 40% of the drivers uninsured in Montana and he thought the insurance companies would want to insure more people. He said the insurance companies had favored the bill as it was, but not with the amendments, because of the additional hurdles.

Proponents' Testimony: None

Opponents' Testimony:

Ms. Clifford said the bill had a 26-24 vote on its 3rd reading on the Senate Floor. She said that somebody's rate will go up to pay for someone else's discount. She said prior to the amendments, her actuaries had run some numbers. **EXHIBIT (buh47a01)** She said the amendments complicate the bill. She said the amendment tried to say the company cannot raise rates on a single group of drivers, but must pay for it somewhere else. She said the Senate attempted to prevent anyone else from paying for the discount.

She said she thinks rates should be on the drivers' record and the type of vehicle, rather than the marital status.

Mr. Van Horssen called this a perennial bill which comes to the legislature often. He said they offered their support before the amendments, but were opposed to the bill after the amendments. He said insurers do not subsidize across insurance classes. He said he would support an amendment which said, "you can't cross-subsidize."

Ms. Schweitzer spoke against the argument that married people were more responsible.

Ms. Cobbler said she was concerned with the impact on young people, noted there were no young people [resent to speak in favor of the bill. She said it was an honest choice on the parts of students to not get married, and this should not cost them higher interest rates. She said students were already having to manage tuition, rent and living costs. She noted she was against the body of the bill.

Ms. Lenmark opposed the bill in its current form and was especially opposed to the amendment. She said the bill misrepresents the way rates are built. She said it is wrong to remove an underwriting criteria from the database.

Mr. Metropolous called the projected discounts actuarially unsound.

Ms. Young said a marital status is not a reason for discrimination.

REP. LEE said she was adamantly opposed to the bill.

Mr. Chrelt asked the committee to consider who is unmarried, saying 12-15% of the population is gay or lesbian. He said this bill eliminates any one who has chosen to be single. He added the insurance companies should not dictate what is socially acceptable.

Informational Witness:

Jerry Keck, Department of Labor and Industry, said he was available for questions.

Questions from Committee Members and Responses:

REP. LAIBLE asked **Mr. Van Horssen** how the risk was determined now. **Mr. Van Horssen** said there is no distinction between gender

and marital status in Montana, although there are states that do have a difference in risk between married and unmarried. By law, in Montana, there can be no distinction, and the premiums have to be equal.

{Tape : 1; Side : B; Approx. Time Counter : 0}

REP. ROME asked **Mr. VanHorssen** if the amendment was mandatory since it used the word "may." **Mr. VanHorssen** said any discount would be discretionary, and some companies may choose not to offer a discount.

REP. GALLIK asked what the highest rated age group for premiums was. **Ms. Clifford** replied above age 75.

REP. LAIBLE asked **Ms. Lenmark** if young marrieds subsidized rates for unmarrieds. **Ms. Lenmark** replied thst might be happening. **REP. LAIBLE** asked her if she would support the bill without the amendment. **Ms. Lenmark** said then she would have no position on the bill. She added requiring non-gender rates is a Montana-made policy.

REP. JUNEAU asked **Ms. Clifford** if all groups didn't subsidize each other. **Ms. Clifford** said age is an allowable rating factor. Marital status, now has no discount, she noted.

Closing by Sponsor:

SEN. HOLDEN closed by saying this was a simple bill which does what it says it will do. "It is a statical fact in Montana that the young marrieds are safer drivers," he said. The bill does not repeal the entire gender law , he said. He reminded the committee that young marrieds cannot slip their insurance under their parents' policies like young singles. He said the amendment placed on the bill was an effort to torpedo the bill. He asked the committee to take the amendment off so the bill would pass.

{Tape : 1; Side : B; Approx. Time Counter : 23}

HEARING ON SB122

Sponsor: **SEN. DEBBIE SHEA, SD18, BUTTE**

Proponents: **Ellen Saputo, Big Timber Workers**

Opponents: **None**

Opening Statement by Sponsor:

SEN. DEBBIE SHEA, SD18, BUTTE, said the Interim Committee on Business, Labor and Agriculture, revised the cooperative association law, eliminated the 40 year limit, and changed the limit on the number of people who can form an association. It also eliminates the price limits on the stock shares.

Proponents' Testimony:

Ms. Saputo said the law hasn't been changed since 1921 when \$5000 was a lot of money. This bill revises the cooperative association laws and eliminates the 40 year limit on their existence, changes the limit on the number of persons, and eliminates minimum requirements and price limits.

Opponents' Testimony: None**Questions from Committee Members and Responses:** None**Closing by Sponsor:**

SEN. SHEA closed the hearing and thanked the committee, noting **REP. LAIBLE** would carry the bill on the House Floor if it passes out of committee.

{Tape : 2; Side : A; Approx. Time Counter : 3}

HEARING ON SB211

Sponsor: **SEN. DEBBIE SHEA, SD18, BUTTE**

Proponents: **Bill Jellison, Department of Commerce**

Opponents: None

Opening Statement by Sponsor:

SEN. DEBBIE SHEA, SD18, BUTTE, said this bill was a complete repealer of Title 50 eliminating the Department of Commerce's activities relative to asbestos regulations in building construction because the Department of Environmental Quality does this now. The was done at the request of the Department of Commerce.

Proponents' Testimony:

Mr. Jellison said this would repeal the 1977 legislation because legislation since then has eliminated the need for.

EXHIBIT (buh47a02)

Opponents' Testimony: None

Informational Witness:

Don Vidrine and John Podolinsky, Department of Environmental Quality, said he was available for questions.

Questions from Committee Members and Responses:

REP. LAIBLE asked **Mr. Vidrine** if there was anything in this code this was not picked up anywhere else. **Mr. Vidrine** said the current program far exceeds this program.

REP. KEANE asked **Mr. Podolinsky** if this program included spray asbestos. **Mr. Podolinsky** said it included friable and non-friable asbestos in asbestos abatement. He said the regulations varied depending if there was removal or encapsulation. He said they do not see it being installed now as most manufacturers have gone away from it and are using substitutes which are safer.

Closing by Sponsor:

SEN. SHEA closed the hearing and thanked the committee. She said **REP. LAIBLE** will carry the bill on the House Floor if it passes out of committee.

ADJOURNMENT

Adjournment: 9:15 A.M.

REP. JOE MCKENNEY, Chairman

JANE NOFSINGER, Secretary

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JM/JN

EXHIBIT (buh47aad)